



April 1, 2015

**NORTH CAROLINA’S REFERENCE TO THE INTERNAL REVENUE CODE UPDATED -  
IMPACT ON 2014 NORTH CAROLINA CORPORATE AND INDIVIDUAL INCOME TAX  
RETURNS**

Governor McCrory signed into law Session Law 2015-2 (Senate Bill 20) on March 31, 2015. The legislation updated North Carolina’s reference to the Internal Revenue Code to the Code as enacted as of January 1, 2015. As a result, North Carolina corporate and individual income tax law generally follows the Tax Increase Prevention Act of 2014 (“TIPA”), which extended several provisions in federal law that had sunset at the end of 2013. The law does not follow (decouples from) TIPA in six instances. The table below identifies those instances and describes each difference and which lines on the tax returns are impacted.

	<b><u>Federal Provision</u></b>	<b><u>State Provision</u></b>	<b><u>NC C Corporate Return</u></b>	<b><u>NC Individual Return</u></b>
1	Bonus depreciation is extended to property placed in service in 2014.	Addition required for 85% of bonus depreciation deducted on federal return.	Include addition on Form CD-405, Schedule H, Line 1.g.	Include addition on Form D-400 Schedule S, Part A, Line 3.
2	Code section 179 dollar and investment limitations are increased to \$500,000 and \$2,000,000, respectively, for 2014.	Dollar and investment limitations set at \$25,000 and \$200,000, respectively. Addition required for 85% of the difference between the deduction using federal limitations and the deduction using NC limitations.	Include addition on Form CD-405, Schedule H, Line 1.g.	Include addition on Form D-400 Schedule S, Part A, Line 3.
3	Mortgage insurance premiums are treated as qualified residence interest for 2014.	Mortgage insurance premiums are not treated as qualified residence interest.	Not applicable	Do not include mortgage insurance premiums in the amount of mortgage interest deducted on Form D-400 Schedule S, Part C, Line 13.
4	Cancellation of qualified principal residence debt is excluded from gross income.	Addition required for amount of cancellation of qualified principal residence debt excluded from gross income on the federal return.	Not applicable	Include addition on Form D-400 Schedule S, Part A, Line 3.

---

## North Carolina Department of Revenue

---

	<u>Federal Provision</u>	<u>State Provision</u>	<u>NC C Corporate Return</u>	<u>NC Individual Return</u>
5	Qualified tuition and related expenses are deductible for 2014.	Addition required for qualified tuition and related expenses deducted on the federal return.	Not applicable	Include addition on Form D-400 Schedule S, Part A, Line 3.
6	Qualified charitable distributions from an IRA by a person who has attained age 70 ½ are excluded from gross income.	Addition required for qualified charitable distributions from an IRA by a person who has attained age 70 ½ that are excluded from gross income on the federal return. The distributions are allowable as a charitable contribution.	Not applicable	Include addition on Form D-400 Schedule S, Part A, Line 3. Deduct contribution on Form D-400 Schedule S, Part C, Line 18 if itemizing

Any person who has already filed a 2014 North Carolina income tax return and whose federal taxable income (C corporation) or federal adjusted gross income (individual) is impacted by the amendments to federal law included in TIPA or by the provisions of TIPA from which North Carolina has decoupled must file an amended North Carolina return. If the amended return reflects additional tax due, the taxpayer will avoid interest if the additional tax is paid by the original due date of the return (April 15 for calendar-year taxpayers). The taxpayer will also avoid a late-payment penalty if the additional tax reflected on the amended return is paid when the amended return is filed or April 15, whichever is later.

# 2014 Estates and Trusts Income Tax Return

North Carolina Department of Revenue

For calendar year <b>2014</b> , or fiscal year beginning (MM-DD) _____ - _____ <b>14</b> and ending (MM-DD-YY) _____ - _____	Fill in all applicable circles: <input type="radio"/> Initial Return <input type="radio"/> Amended Return <input type="radio"/> Final Return <input type="radio"/> Entity has Nonresident Beneficiaries <input type="radio"/> Qualified Funeral Trust
Name of Estate or Trust (Legal Name) (USE CAPITAL LETTERS FOR NAME AND ADDRESS) _____ Name of Fiduciary (Circle one): <input type="radio"/> Administrator <input type="radio"/> Executor <input type="radio"/> Other _____ Federal Employer ID Number _____	If estate return, was final distribution of assets made during the tax year? <input type="radio"/> Yes <input type="radio"/> No
Address _____ Apartment Number _____ City _____ State _____ Zip Code _____ County (Enter first five letters) _____	

**N.C. Education Endowment Fund:** You may contribute to the N.C. Education Endowment Fund by making a contribution or designating some or all of your overpayment to the Fund. To make a contribution, enclose Form NC-EDU and your payment of \$ \_\_\_\_\_. To designate your overpayment to the Fund, enter the amount of your designation on Line 19 below. See instructions for information about the Fund.

<p><b>1. Federal taxable income</b> (From Federal Form 1041)</p> <p><b>2. Additions to income</b> (From Schedule B, Fiduciary Column, Line 3)</p> <p><b>3.</b> Add Lines 1 and 2</p> <p><b>4. Deductions from income</b> (From Schedule B, Fiduciary Column, Line 4)</p> <p><b>5.</b> Line 3 minus Line 4</p> <p><b>6.</b> Did the entity receive for the benefit of a nonresident beneficiary intangible income from any source or business income from sources outside of North Carolina? If so, enter the portion of Line 5 attributable to this income; otherwise, enter zero.</p> <p><b>7. North Carolina taxable income</b> (Line 5 minus Line 6)</p> <p><b>8. Tax</b> - To calculate the tax, multiply North Carolina taxable income on Line 7 by 5.8% (0.058)</p> <p><b>9.</b> Tax credits (From Form D-407TC, Line 12)</p> <p><b>10.</b> Tax paid with extension</p> <p><b>11.</b> Other prepayments of tax</p> <p><b>12.</b> Tax paid by partnerships or S Corporations and North Carolina tax withheld reported on Form 1099R (See instructions)</p> <p><b>13.</b> Total tax credits and payments (Add Lines 9 through 12)</p> <p><b>14. Tax Due</b> - If Line 8 is more than Line 13, subtract and enter the result</p> <p><b>15.</b> 15a. Penalties _____ 15b. Interest _____</p> <p style="text-align: right;">(Add Lines 15a and 15b and enter the total on Line 15c)</p> <p><b>16.</b> Add Lines 14 and 15c and enter the total - <b>Pay this Amount</b></p> <p><b>17.</b> If Line 8 is less than Line 13, subtract and enter the <b>Overpayment</b></p> <p><b>18.</b> Contribution to the <b>N. C. Nongame and Endangered Wildlife Fund</b></p> <p><b>19.</b> Contribution of overpayment to the <b>N. C. Education Endowment Fund</b></p> <p><b>20.</b> Add Lines 18 and 19</p> <p><b>21.</b> Subtract Line 20 from Line 17 and enter the <b>Amount to be Refunded</b></p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">                     If amount on Line 1, 3, 5, 6, or 7 is negative fill in circle.                      Example:  <input checked="" type="radio"/> </div>	<table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 5%;">▶ 1.</td><td style="width: 15%;"><input type="radio"/></td><td style="width: 60%;"><input type="text"/></td><td style="width: 20%; text-align: right;">.00</td></tr> <tr><td>▶ 2.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>3.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 4.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>5.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 6.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>7.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 8.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 9.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 10.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 11.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 12.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>13.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 14.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>15c.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>16.</td><td>\$</td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>17.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 18.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 19.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>20.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> <tr><td>▶ 21.</td><td><input type="radio"/></td><td><input type="text"/></td><td style="text-align: right;">.00</td></tr> </table>	▶ 1.	<input type="radio"/>	<input type="text"/>	.00	▶ 2.	<input type="radio"/>	<input type="text"/>	.00	3.	<input type="radio"/>	<input type="text"/>	.00	▶ 4.	<input type="radio"/>	<input type="text"/>	.00	5.	<input type="radio"/>	<input type="text"/>	.00	▶ 6.	<input type="radio"/>	<input type="text"/>	.00	7.	<input type="radio"/>	<input type="text"/>	.00	▶ 8.	<input type="radio"/>	<input type="text"/>	.00	▶ 9.	<input type="radio"/>	<input type="text"/>	.00	▶ 10.	<input type="radio"/>	<input type="text"/>	.00	▶ 11.	<input type="radio"/>	<input type="text"/>	.00	▶ 12.	<input type="radio"/>	<input type="text"/>	.00	13.	<input type="radio"/>	<input type="text"/>	.00	▶ 14.	<input type="radio"/>	<input type="text"/>	.00	15c.	<input type="radio"/>	<input type="text"/>	.00	16.	\$	<input type="text"/>	.00	17.	<input type="radio"/>	<input type="text"/>	.00	▶ 18.	<input type="radio"/>	<input type="text"/>	.00	▶ 19.	<input type="radio"/>	<input type="text"/>	.00	20.	<input type="radio"/>	<input type="text"/>	.00	▶ 21.	<input type="radio"/>	<input type="text"/>	.00
▶ 1.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 2.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
3.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 4.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
5.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 6.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
7.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 8.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 9.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 10.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 11.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 12.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
13.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 14.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
15c.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
16.	\$	<input type="text"/>	.00																																																																																			
17.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 18.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 19.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
20.	<input type="radio"/>	<input type="text"/>	.00																																																																																			
▶ 21.	<input type="radio"/>	<input type="text"/>	.00																																																																																			

Legal Name (First 10 Characters)

Federal Employer ID Number

**Estate Information:**

Date of Decedent's Death \_\_\_\_\_

If no return filed last year, reason why \_\_\_\_\_

**Trust Information:**

Date Trust Created \_\_\_\_\_  
Name and Address of Grantor \_\_\_\_\_

If no return filed last year, reason why \_\_\_\_\_

**Schedule A. North Carolina Fiduciary Adjustments (See instructions)**

**Additions to Income**

- 1. Interest income from obligations of states other than North Carolina 1.  .00
- 2. Other additions to income (See instructions) 2.  .00
- 3. Total additions to income (Add lines 1 and 2)  
Apportion the additions on Line 3 between the beneficiaries and the fiduciary on Schedule B, Line 3 below 3.  .00

**Deductions from Income**

- 4. Interest income from obligations of the United States or United States' possessions 4.  .00
  - 5. Taxable portion of Social Security and Railroad Retirement benefits 5.  .00
  - 6. Retirement benefits received from vested N. C. State government, N. C. local government, or federal government retirees (Bailey Settlement – Important: See Instructions) 6.  .00
  - 7. State, local, or foreign income tax refunds reported as income on federal return 7.  .00
  - 8. Adjustment for bonus depreciation added back in 2009, 2010, 2011, 2012, and 2013
    - 8a. 2009  .00
    - 8b. 2010  .00
    - 8c. 2011  .00
    - 8d. 2012  .00
    - 8e. 2013  .00

(Add Lines 8a, 8b, 8c, 8d, and 8e, and enter total on Line 8f)

  - 8f.  .00
9. Other deductions from income (See instructions) 9.  .00
10. Total deductions from income (Add Lines 4, 5, 6, 7, 8f, and 9)  
Apportion the deductions on Line 10 between the beneficiaries and the fiduciary on Schedule B, Line 4 below 10.  .00

**Important**

**Schedule B. Apportionment of Adjustments (See instructions)** If more than three beneficiaries, include separate schedule for additional beneficiaries.

Attach other pages if needed.	Fiduciary	Beneficiary 1	Beneficiary 2	Beneficiary 3
1. Identifying Number	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
2. Name	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3. Additions	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
4. Deductions	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Important:** The fiduciary must provide each beneficiary an NC K-1 for Form D-407 or other information necessary for the beneficiary to prepare the appropriate North Carolina Income Tax Return.

I certify that, to the best of my knowledge, this return is accurate and complete. If prepared by a person other than fiduciary, this certification is based on all information of which the preparer has any knowledge.

Signature of Fiduciary Representing Estate or Trust \_\_\_\_\_ Date \_\_\_\_\_

Signature of Preparer Other Than Fiduciary \_\_\_\_\_ Date \_\_\_\_\_

Address \_\_\_\_\_

Daytime Telephone Number (Include area code) \_\_\_\_\_

Preparer's Daytime Telephone Number (Include area code) \_\_\_\_\_